

THE CBRT PRESS RELEASE

A) THE FOREIGN EXCHANGE BUYING AUCTION PROGRAM FOR JUNE

As was made public on 5 May 2003 the Central Bank of Turkey (CBRT) disclosed the auction program for May, and started to hold foreign exchange buying auctions effective from 6 May 2003, due to the excess foreign exchange supply resulting from the reverse currency substitution process, and considering that strong reserve position would boost the market's confidence in the current program. In the 16 auctions held between 6 and 29 May 2003 the CBRT bought USD 319 million. In addition, the USD 579 million in total was bought by means of outright buying interventions made on 12 and 21 May 2003 upon excessive volatility in exchange rates. In total, the CBRT bought USD 898 million in the month of May as of 29 May 2003 through foreign exchange buying auctions and outright buying interventions.

It is predicted that the process which generate excess supply in foreign exchange, as was assessed in our press release of 5 May 2003, should continue in June too. Therefore, it has been decided to announce a foreign exchange buying auction program for June as well and the total amount of daily foreign exchange buying will be increased to USD 30 million, due to the seasonal increase in foreign exchange supply in June. Accordingly, in June 2003 there will be foreign exchange auctions on 21 working days, and the maximum amount to be bought will be USD 630 million.

Other auction conditions being the same, institutions willing to participate in the auctions are required to send in their bids by means of "Electronic Fund Transfer" system beginning on 2 June 2003 instead of telephone.

As always, the CBRT will continue to closely monitor the developments in excess foreign exchange supply, and the foreign exchange buying auction program for July 2003 and the daily amounts to be bought will be announced at the end of June.

B) THE TURKISH LIRA DEPOSIT BUYING AUCTION PROGRAM FOR JUNE

The CBRT will continue to conduct Turkish lira deposit buying auctions in June 2003 with a standard four-week maturity that was initiated in April 2002 as a supplement to its existing instruments with the aim of enhancing the effectiveness of its efforts to sterilize the excess Turkish lira liquidity in the system.

As was in May 2003, the Central Bank will hold Turkish lira deposit buying auctions in June on Wednesdays and Fridays each week and the maximum amount at each auction will be limited to 200 trillion Turkish liras.